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18913

July 26, 1994

RECORDATION NO. _____ FILED 1994

JUL 26 1994 -11 20 AM

INTERSTATE COMMERCE COMMISSION

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are four (4) duly executed copies of a Security Agreement-Trust Chattel Mortgage, dated as of July 26, 1994 (the "Security Agreement") between ACF Industries, Inc., as Debtor, and Tokyo Leasing (U.S.A.) Inc., as Secured Party (the "Security Agreement"), a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Debtor: ACF Industries, Incorporated
3301 Rider Trail South
Earth City, Missouri 63045-1383

Secured Party: Tokyo Leasing (U.S.A.) Inc.
2 Gannett Drive
White Plains, New York 10004

A description of the railroad equipment covered by the enclosed document is attached to the Security Agreement-Chattel Mortgage as Schedule A.

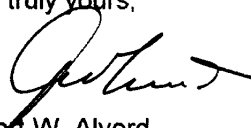
Handwritten: 6/29/94 Livers

Mr. Sidney L. Strickland, Jr.
July 26, 1994
Page 2

Also enclosed is a check in the amount of \$18.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Alvord", written in dark ink.

Robert W. Alvord

RWA/bg
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

JULY 26, 1994

ROBERT W. ALVORD
ALVORD & ALVORD
918 15TH ST. NW SUITE 200
WASHINGTON DC 20006-2973

Dear MR. ALVORD:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/26/94 at 11:20AM, and assigned recordation number(s). 13913

Sincerely yours,

Sidney L. Strickland, Jr.
Secretary

Enclosure(s)

\$ 18.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one stamped on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature 

RECORDATION NO. **18913** FILED 1425

JUL 26 1994 -11 20 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT - CHATTEL MORTGAGE

BETWEEN

ACF INDUSTRIES, INCORPORATED,

DEBTOR

AND

TOKYO LEASING (U.S.A.) INC.,
As Agent For The Lenders

SECURED PARTY

Dated as of July 26, 1994

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SECURITY AGREEMENT - CHATTEL MORTGAGE

SECURITY AGREEMENT - CHATTEL MORTGAGE dated as of July 26, 1994 (the "Security Agreement") between (1) ACF INDUSTRIES, INCORPORATED, a New Jersey corporation (the "Debtor"), and (2) TOKYO LEASING (U.S.A.) INC., a Delaware corporation ("Tokyo Leasing"), as agent for the ratable benefit of the Lenders as defined below (in such capacity, together with its successors in such capacity, the "Agent").

RECITALS

A. Pursuant to Section 2.01 of the Loan Agreement and subject to the conditions therein set forth, Tokyo Leasing and IBJ SCHRODER LEASING CORPORATION ("IBJ", and together with Tokyo Leasing in its capacity as lender to the Debtor, collectively, the "Lenders"), have agreed severally but not jointly to make loans to the Debtor in the aggregate principal amount of Fifteen Million Three Hundred Thirty Three Thousand Three Hundred Forty-Nine Dollars (\$15,333,349) (collectively, the "Secured Loan") evidenced by a secured promissory note executed by the Debtor in favor of Tokyo Leasing or its registered assigns in the amount of Five Million One Hundred Sixty Six Thousand Two Hundred Eighty-Four Dollars (\$5,166,284) and by a secured promissory note executed by the Debtor in favor of IBJ or its registered assigns in the amount of Ten Million One Hundred Sixty Seven Thousand and Sixty Five Dollars (\$10,167,065).

B. The principal of and interest on the Secured Loan and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Loan Agreement, the Notes, this Security Agreement and the other Loan Documents are hereinafter sometimes referred to as "indebtedness hereby secured."

Section 1. DEFINITIONS

1.01 Terms defined in the preamble hereof shall have their respective meanings when used herein and as used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Capitalized terms used but not defined here shall have the meanings assigned to them in the Loan Agreement. Defined terms in this Security Agreement shall include in the singular number the plural and in the plural number the singular.

"AAR" shall mean the Association of American Railroads.

"Agent" shall have the meaning specified in the first paragraph hereof.

"Cash Collateral Account" shall have the meaning specified in Section 5.02(a) (A) hereof.

"Casualty Date" shall have the meaning specified in Section 5.02 (a) hereof.

"Casualty Loss" shall have the meaning specified in Section 5.02 (a) hereof.

"Casualty Loss Proceeds" shall have the meaning specified in Section 5.02(a) hereof.

"Casualty Total" shall have the meaning specified in Section 5.02(a) hereof.

"Casualty Total Date" shall have the meaning specified in Section 5.02(a) hereof.

"Collateral" shall have the meaning specified in Section 2 hereof.

"Cost" shall mean, (a) with respect to any item of railroad rolling stock built by the Debtor or an Affiliate of the Debtor the so-called "car-builder's cost" including direct cost of labor and material and overhead, but excluding the overhead of the Debtor's or Affiliate of the Debtor's corporate headquarters and any manufacturing profit, and (b) with respect to any item of rolling stock not built by the Debtor in connection with the replacement of Collateral pursuant to Section 5.02(b) only, the price of such items as shown on the invoice for such item, exclusive of (i) any amount included in such price consisting of preparation, handling, freight, storage or other like charges or (ii) any sales, excise or other taxes payable in connection with the sale of such item.

"Equipment" shall have the meaning specified in Section 2.02 hereof.

"Equipment Leases" shall have the meaning specified in Section 2.03 hereof.

"Equipment Lessees" shall mean the lessees, as lessees under the Equipment Leases.

"Equipment Lease Proceeds" shall have the meaning specified in Section 2.03 hereof.

"Expired Lease" shall have the meaning specified in Section 4.03 hereof.

"IBJ" shall have the meaning specified in Recital A hereof.

"ICA" shall mean the Interstate Commerce Act, as amended, and the regulations and rulings promulgated thereunder.

"Items of Equipment" shall have the meaning specified in Section 2.02 hereof.

"Lien" shall have the meaning specified in Section 3.03 hereof.

"Loan Agreement" means the Term Loan Agreement of even date herewith by and among (1) the Debtor, (2) Tokyo Leasing and IBJ as the same may be amended, supplemented or otherwise modified from time to time.

"New Rolling Stock" shall mean Rolling Stock first placed in service no earlier than 1990 which is not subject to any Liens.

"Original Lease" shall have the meaning specified in the definition of "Replacement Lease" in this Section 1.

"Permitted Lien" shall have the meaning specified in Section 3.03 hereof.

"Replacement Lease" shall mean a lease entered into by the Debtor in an arms-length transaction that imposes no additional material obligations on the Debtor than those imposed by the Expired Lease or the Equipment Lease to which the original Item of Equipment being replaced was subject (such lease being the "Original Lease"), as the case may be, and is with a lessee that the Lenders reasonably determine is comparable in creditworthiness to the lessee under the Expired Lease or the Original Lease, as applicable, and which is otherwise in form and substance reasonably acceptable to the Lenders.

"Replacement Unit" shall mean replacement units of New Rolling Stock of at least equal Value and utility of any

Item of Equipment being replaced pursuant to this Security Agreement, calculated: (x) as of the Casualty Date with respect to a replacement made pursuant to Sections 5.02(a) or (b); or (y) as of the date of release with respect to a replacement made pursuant to Section 5.02(d) hereof; or (z) as of the expiration date of the Expired Lease with respect to a replacement made pursuant to Section 4.03.

"Rolling Stock" shall mean standard gauge railroad rolling stock, other than passenger equipment or work equipment, used or intended for use in connection with interstate commerce; excluding however, railroad rolling stock scrapped or intended to be scrapped.

"Secured Loan" shall have the meaning specified in the first recital hereof.

"Security Agreement" shall mean this Security Agreement as specified in the first paragraph hereof.

"Tokyo Leasing" shall have the meaning specified in the first paragraph hereof.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York unless otherwise specified, as amended.

"Value" shall mean, with respect to an Item of Equipment that is subject to a Casualty Loss or is replaced pursuant to Sections 4.03 or 5.02 hereof, the greater of: (i) the Cost of such Item or Items of Equipment, as the case may be, less 1/15 of such Cost for each year elapsed between the date of this Agreement and the date on which the Casualty has occurred or the replacement occurs, or (ii) the fair market value of such Item of Equipment on the expiration date of the Expired Lease if such Item of Equipment is replaced pursuant to Section 4.03, or on the Casualty Date if such Item of Equipment is replaced pursuant to Section 5.02.

Section 2. SECURITY

2.01 Grant of Security. The Debtor, in consideration of the premises and of the sum of Ten Dollars received by the Debtor from each Lender and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, and in order to secure the due payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all

other indebtedness and liabilities of the Debtor to the Lenders and the performance and observance by the Debtor of all its obligations contained in or arising out of the Loan Agreement, this Security Agreement, the Notes and the other Loan Documents (sometimes referred to herein collectively as the "Obligations"), does hereby assign, mortgage, pledge, hypothecate, transfer and set over to the Agent and grant the Agent, for the ratable benefit of the Lenders, a first priority lien on and security interest in all of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 2.02, 2.03 and 2.04 hereof (all of which properties are hereinafter collectively referred to as the "Collateral").

2.02 Equipment Collateral. The Collateral includes certain railroad tank cars and covered hopper cars which cars are more fully described in **Schedule A** hereto (collectively, the "Equipment" or "Items of Equipment" and individually, an "Item of Equipment") together with all accessories, equipment, parts and appurtenances appertaining or attached to such Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to or proceeds of any and all of said Equipment, together with all the records, rents, mileage credits earned, issues, income, profits, avails and other proceeds (including insurance proceeds) therefrom.

2.03 Rental Collateral. (a) The Collateral also includes, all right, title, interest claims and demands of the Debtor in, to and under each and every lease (whether or not such lease is in writing or is for a term certain, including, without limitation, per diem leases) now or hereafter entered into relating to the Equipment but to and only to the extent relating to the Equipment (each such portion of such lease being an "Equipment Lease"), including, but not limited to the Equipment Leases (including all Replacement Leases) more fully described in **Schedule B** hereto, or hereafter described on one or more Schedules to any supplement hereto, including any extensions of the term of every Equipment Lease, all of Debtor's rights under any Equipment Lease to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, waiver or approval together with full power and authority with respect to any Equipment Lease to demand, receive, enforce, collect or give receipt for any of the foregoing rights or any property which is the subject of any of the Equipment Leases, to enforce or execute any

checks, or other instruments or orders, to file any claims and to take any action which (in the opinion of the Agent) may be necessary or advisable in connection with any of the foregoing insofar, but only insofar, as such rights relate to the Equipment which is subject to such Equipment Leases, all records related to the Equipment Leases and all payments due and to become due under any Equipment Lease, whether as contractual obligations, damages, casualty payments, insurance proceeds or otherwise to the extent such payments are derived from the Equipment (the "Equipment Lease Proceeds").

(b) It is expressly agreed that anything herein contained to the contrary notwithstanding, the Debtor shall remain liable under the Equipment Leases to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and none of the Agent or the Lenders or the Transferees shall have any obligation or liability under the Equipment Leases by reason of or arising out of the assignment hereunder, nor shall the Agent nor any of the Lenders or the Transferees be required or obligated in any manner to perform or fulfill any obligations of the Debtor under or pursuant to the Equipment Leases or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(c) The Agent shall be entitled to collect and receive the Equipment Lease Proceeds only upon the occurrence of and during the continuance of an Event of Default.

2.04 Cash Collateral Account. Collateral also includes the Cash Collateral Account, all amounts from time to time on deposit therein and all investments made with the proceeds thereof and all interest earned thereon.

Section 3. COVENANTS AND WARRANTIES OF DEBTOR

The Debtor covenants, warrants and agrees with Agent that until the Obligations are paid in full that:

3.01 Maintenance of Equipment. The Debtor shall maintain and keep, or cause to be maintained and kept, at its or the Equipment Lessees' own cost and expense, each Item of Equipment in good order and repair in compliance with all AAR

mechanical regulations and industrial commercial acceptance standards for revenue interchange loading, unless and until it becomes worn out, unsuitable for use, lost or destroyed; provided that any such Item of Equipment so worn out, obsolete, lost or destroyed shall be replaced with a Replacement Unit which is subject to a Replacement Lease in accordance with the provisions of Section 5.02 hereof.

3.02 Insurance.

(a) the Debtor shall maintain, or cause to be maintained at its own expense, with responsible insurance companies acceptable to the Agent, property, liability and other insurance, on such of its properties, in such amounts, against such risks and in such form as is customarily maintained by similar businesses, and, in any event, with respect to liability insurance, in an amount not less than \$100 million, which insurance shall at all times include coverage for all liabilities covered under, and shall not include, any exclusions other than those set forth in the Debtor's policies of insurance as in effect on the Closing Date.

(b) For purposes of this Section 3.02, liability insurance may include a program of self-insurance for up to Five Million Dollars (\$5,000,000.) of liability exposures; provided that under any such program of self-insurance the Debtor shall maintain, or cause to be maintained, adequate reserves on its books in accordance with GAAP, if applicable, to cover all risks not otherwise insured by an insurance company, and the Debtor shall, within thirty (30) days after the end of each of its fiscal quarters, deliver to the Agent a certificate of a Responsible Officer setting forth evidence of the maintenance of such sufficient reserves as required herein and any other financial statements or records as the Agent may require or request with respect to such program of self-insurance.

(c) The Debtor shall cause the Lenders to be named as an additional insured and loss payee under all policies of insurance maintained pursuant to the provisions of this Section 3.02 and shall deliver to the Agent (x) on the Closing Date, evidence in form and substance satisfactory to the Agent of such insurance policies, and (y) thereafter, thirty (30) days prior written notice before any cancellation, expiration, cessation, reduction in amount or change in coverage thereof shall become effective.

3.03 Preservation of Collateral.

(a) The Debtor will warrant and defend the title to the Collateral against all claims and demands of all Persons except Persons claiming by, through or under the Agent, the Lenders or the Transferees. The Debtor will not assign, sell, lease, transfer or otherwise dispose of, nor will the Debtor suffer or permit any of the same to occur with respect to the Collateral except as provided in Section 5.02(d). The Debtor will not create, assume or suffer to exist any Lien on the Collateral other than Permitted Liens (as hereinafter defined) and the Debtor shall pay or discharge, at its own cost and expense, any and all claims, liens or charges other than Permitted Liens. As used herein, "Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind. As used herein, "Permitted Liens" shall mean:

(i) the Liens created by this Security Agreement and by the Equipment Leases;

(ii) the Liens arising from taxes, assessments or governmental charges or levies either not yet assessed or, if assessed not yet due or contested in good faith by appropriate proceedings (and for which adequate reserves have been made in the Debtor's books in accordance with GAAP consistently applied);

(iii) mechanics', materialmen's, suppliers', warehousemen's, workmen's, repairmen's, employees', or other like Liens arising by operation of law in the ordinary course of business for amounts which are either not yet due or are not yet overdue for more than 15 days or are being contested in good faith by appropriate proceedings (and for which adequate reserves have been made in the Debtor's books in accordance with GAAP consistently applied or when required in order to pursue such proceedings, an adequate bond has been obtained) so long as such proceedings do not involve any danger of sale, forfeiture or loss, of Equipment; and

(iv) Liens arising out of judgments or awards against the Debtor which are being contested in good faith by appropriate proceedings (and for the payment of which an adequate bond has been obtained) and with respect to which there shall have been secured a stay of execution pending such appeal or proceedings for review, so long as such proceedings, in the judgment of the Agent, do not involve any danger of sale, forfeiture or loss, of Equipment.

(b) The Debtor shall advise the Agent and the Lenders promptly, in reasonable detail, of any Lien or claim made or asserted against any of the Collateral and of any event affecting the Agent's security interest in the Collateral.

3.04 Further Assurances. The Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary for the perfection and maintenance of the perfection of the security interests in the Collateral, whether now owned or hereafter acquired, with the ICC, pursuant to the UCC and ICA, and with the Registrar General of Canada pursuant to the Railway Act (Canada) and as the Agent or any Lender acting through the Agent may consider necessary or desirable.

3.05 Recordation and Filing.

(a) The Debtor will (x) cause this Security Agreement and any supplements hereto at all times to be executed, recorded and filed, at no expense to the Agent or the Lenders, with the ICC and with the Registrar General of Canada, and all financing and continuation statements to be filed with the Secretary of State of the States of Missouri and New York and with the County Clerks in St. Louis County, Missouri, New York County and Westchester County in the State of New York, and cause such documents and all similar notices required by applicable law to be filed in such other jurisdictions and with such other Federal, state, provincial or local government or agency thereof where the Agent deems it necessary or desirable to perfect, protect, or preserve its lien on the Collateral, in order to fully preserve and protect the rights of the Agent hereunder; and (y) at its own expense, furnish to the Agent promptly after the execution and delivery of any supplement to this Security Agreement, opinions of: (i) Gordon Altman Butowsky Weitzen Shalov & Wein, counsel to the Debtor, (ii) Alvord & Alvord, special ICC counsel to the Debtor, and (iii) Aird & Berlis, special Canadian counsel to the Debtor, or such other counsel as the Agent may reasonably request, which opinions shall cover the matters set forth in paragraphs (e), (f), (j) and (k) of Exhibit C to the Loan Agreement, in accordance with the terms of such Exhibit C, and shall otherwise be in form and substance reasonably satisfactory to the Lenders.

(b) The Debtor hereby authorizes the Agent to take all action (including, without limitation, the filing of any

Security Agreement and any supplements thereto and any Uniform Commercial Code Financing Statements or amendments thereto without the signature of the Debtor) which the Agent may deem necessary or desirable to perfect, protect, or preserve the liens and security interests created hereunder and to obtain the benefits of this Security Agreement.

3.06 Power of Attorney.

(a) The Debtor does hereby irrevocably constitute and appoint the Agent and its successors and assigns, upon the occurrence and during the continuance of an Event of Default, its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt for and sue for any and all Equipment Lease Proceeds hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all instruments or commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Agent may deem necessary or appropriate in its sole and complete discretion to perfect, protect and preserve the right, title and interest of the Agent in and to such Equipment Lease Proceeds and the security intended to be afforded hereby.

(b) The parties acknowledge that the powers conferred on the Agent hereunder are solely to protect its interest in the Collateral and that anything herein contained to the contrary notwithstanding, neither the Agent nor its successors or assigns shall have any duty, obligation or liability by reason of or arising out of this Security Agreement to make any inquiry as to the nature or sufficiency of, to present or file any claim with respect to, or to take any action to collect or enforce the payment of, any amounts to which it may be entitled at any time by virtue of this Security Agreement.

3.07 Chief Executive Office. The chief executive office of the Debtor is located at 3301 Rider Trail South, Earth City, Missouri 63045 and all the records related to the Equipment and to the Equipment Leases are kept in said office. The Debtor shall give the Agent and the Lenders thirty (30) days advance written notice of any change of such office address.

3.08 Acquisition of Interest in the Equipment.

The Debtor has acquired its interest in the Equipment for its own account and with its general corporate assets and no funds used to acquire any Item of Equipment have been furnished directly or indirectly out of the assets of or in connection with any employee benefit plan (or its related trust) or any separate account in which any employee benefit plan has any interest. As used in this paragraph, the terms "employee benefit plan" and "separate account" shall have the respective meanings assigned to them in ERISA.

3.09 Actions Under the Equipment Leases.

(a) All the Equipment Leases are in full force and effect and are in substantially the form of to the Loan Agreement and the Debtor shall not enter into any agreement amending or supplementing any Equipment Lease in any material respect, execute any waiver or modification of, or consent under the terms of the Lease, settle or compromise any claim against any Equipment Lessee arising under any Equipment Lease, or submit or consent to the submission of any dispute difference or other matter arising under or in respect of any Equipment Lease to arbitration thereunder without the prior written consent of the Agent.

(b) The Debtor shall comply, and use its best efforts to cause each of the Lessees to comply, in all material respects, with all acts, rules, regulations and orders of any legislative, administrative or judicial body or official applicable to the Collateral or any part thereof, or to the operation of the Debtor's business (including all laws of the jurisdictions in which operations involving the Equipment may extend the interchange rules of the Association of American Railroads and all rules of the Interstate Commerce Commission) and the Registrar General of Canada; provided, however, that the Debtor may contest any acts, rules, regulations, orders and directions of such bodies or officials in any reasonable manner which will not, in the sole opinion of the Agent materially adversely affect the Agent's rights or the priority of its security interest in the Collateral;

3.10 Right to Inspect the Collateral. The Debtor shall at any reasonable time, at the request of the Agent, cause the Collateral to be exhibited to the Agent or Lenders (or persons designated by the Agent or Lender) for purposes of inspection, provided that the Equipment, will not be made available for inspection at any Equipment Lessee's facility.

3.11 Reports. On or before August 1, in each year, commencing with the calendar year 1995 to furnish to the Agent an accurate statement (a) setting forth as at the preceding June 30th the amount, description and numbers of all Items of Equipment then covered by an Equipment Lease, the amount, description and numbers of all Items of Equipment that have suffered a Casualty Loss during the preceding calendar year or, in the case of the first such statement, since the date of this Security Agreement (specifying the dates of such Casualty Loss) or to the knowledge of the Debtor are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Items of Equipment as the Agent may reasonably request and (b) stating that, in the case of all Items of Equipment repainted or repaired during the period covered by such statement, the numbers and the marking required by Section 3.12 hereof and the Equipment Leases have been preserved or replaced. The Debtor shall keep proper books and records with respect to the Equipment and each Equipment Lease and the other Collateral covered thereby. The Agent shall have the right (but not any obligation) by its agents to inspect the Items of Equipment and the Debtor's records with respect thereto (and the right to make extracts from and to receive from the Debtor true copies of such records relating to the Collateral other than the Equipment Leases except as otherwise provided herein) at such reasonable times as the Agent may request during the continuance of this Security Agreement.

3.12 Marking of Equipment. (a) Debtor will cause each Item of Equipment to be kept numbered with the identifying number set forth in Schedule A hereto, and at the request of the Agent if the Agent determines that it is necessary in order to perfect, protect or preserve its first security interest in the Collateral, the Debtor shall keep and maintain plainly, distinctly, permanently and conspicuously marked on each side of each Item of Equipment, in letters not less than one inch in height, the words, "Ownership subject to a Security Agreement filed with the Interstate Commerce Commission". The Debtor shall not change, or permit to be changed, the identifying number of any Item of the Equipment except in accordance with a statement of new identifying numbers to be substituted therefor after the Agent has been notified in writing and which statement shall be filed, recorded or deposited in all public offices where this Security Agreement shall have been filed, recorded or deposited. The Debtor shall forthwith furnish to the Agent an opinion-of

such counsel and in form and substance satisfactory to the Agent to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Agent's first Lien or security interests in such Items of Equipment and no further filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to perfect, protect, or preserve the security interest of the Agent in such Items.

(b) Except as above provided, the Debtor will not allow the name of any Person (other than the Debtor) to be placed on the Item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Debtor may permit the Equipment to be lettered with the names, trademarks, initials or other insignia customarily used by the user of such Equipment or its affiliates.

3.13 Use of Equipment. The Equipment will be used by a lessee, a sublessee or user incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof), only upon lines of railroad owned or operated by a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof), or over lines upon which such railroad company or companies have trackage rights or rights for operation of their trains, and upon connecting with other carriers in the usual interchange of traffic in the continental United States and Canada, only upon and subject to all the terms and conditions of Equipment Leases.

3.14 Replacement Units and Replacement Leases. The representations and warranties of the Debtor with respect to the Equipment and the Equipment Leases which are set forth in Section 4.01(q) of the Loan Agreement shall be true and correct with respect to each Replacement Unit and each Replacement Lease as of the date such Replacement Unit or Replacement Lease becomes subject to this Security Agreement.

Section 4. SPECIAL PROVISIONS CONCERNING LEASES

4.01 Debtor's Rights Under Equipment Leases. Until the occurrence and continuance of an Event of Default, and subject to any limitations set forth herein or in the Loan Agreement, the Debtor may exercise all of the Debtor's rights, powers, privileges and remedies under the Equipment Leases, including, without limitation, the right to receive

any and all monies due or to become due under the Equipment Leases, and to retain all copies (original or duplicates) of Equipment Leases.

4.02 Equipment Lease Location and Legend. The Debtor shall keep the original Equipment Leases at its chief executive offices and shall mark all Equipment Leases with the following language:

"The rights and interests of ACF Industries, Incorporated under this Lease and all amendments, and riders hereto relating to certain railcars listed herein, and in such railcars, have been assigned to one or more financial institutions or banks listed on the page or pages at the end of this Lease and are subject to a first priority perfected security interest in favor of such financial institutions or banks. To the extent that this Lease constitutes chattel paper, no security interest in this Lease may be created or perfected through the transfer or possession of this counterpart.

The Agent shall have the right from time to time to require the Debtor to mark on the page or pages at the end of the Equipment Leases describing the Equipment in which the Agent has interests hereunder and require the Debtor to place notations of the Agent's interests in the Collateral. The Agent and each Lender shall have the right from time to time to periodically audit the lease records of the Debtor as to the status of the Equipment and Equipment Leases.

4.03 Expired Leases. In the event that any Equipment Lease expires prior to the maturity of the Notes (each, an "Expired Lease"), the Debtor shall promptly notify the Lenders, and on that date which is ninety (90) days after such expiration if neither the Expired Lease has been renewed nor the Item of Equipment covered by such Expired Lease been made subject to a Replacement Lease, the Debtor shall, upon the request of the Agent, replace the Equipment leased under such Expired Lease with Replacement Units which are subject to Replacement Leases, and the Debtor shall execute and deliver to the Agent a supplement to this Security Agreement and take all such other actions as are required pursuant to Section 3.05(a) hereof such that the Replacement Units and

Replacement Leases shall be subject to the first Lien of this Security Agreement.

Section 5. COLLATERAL

5.01 Possession of Collateral. So long as no Event of Default has occurred and is continuing, the Debtor and each Equipment Lessee party to an Equipment Lease shall be suffered and permitted to remain in full possession, enjoyment and control of the Collateral including without limitation the Equipment Leases itself, and to manage, operate and use the Collateral and each part thereof with the rights and franchises pertaining to the Collateral; provided always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of this Security Agreement.

5.02 Casualty Loss; Insurance Proceeds;
Cash Collateral Account.

(a) In the event and at such time (a "Casualty Date") that any Item of Equipment, is destroyed, lost, stolen, irreparably damaged, or missing for a period in excess of thirty (30) days, taken by any governmental entity (including without limitation condemnation, confiscation, requisition, taking of title or use by any governmental entity) or otherwise becomes unusable in the business of the Debtor (such event or condition, a "Casualty Loss"), the Debtor shall promptly inform the Agent and the Lenders of the Casualty Loss. At such date (a "Casualty Total Date") that a Casualty Loss has occurred with respect to a total of either (in each case, a "Casualty Total"): (x) any five (5) Items of Equipment, or (y) Items of Equipment having an aggregate Value of Two Hundred Fifty Thousand Dollars (\$250,000), and in the case of (x) or (y), whether such Casualty Losses are the result of one occurrence or several occurrences, the Debtor shall promptly notify the Agent, and at the option of the Debtor, within ten (10) days after such Casualty Total Date, either (i) the Debtor shall deposit into the Cash Collateral Account (defined below) in respect of each Item of Equipment which has become a Casualty Loss an amount in Dollars (as to each such Item, the "Casualty Loss Proceeds") equal to the product of the outstanding principal amount of the Loan multiplied by a fraction, (x) the numerator of which is the Value of the specific Items of Equipment subject to such Casualty Loss and (y) the denominator of which is the aggregate Value of all Items of Equipment (it being understood that the Debtor is entitled to

any proceeds, whether in respect of insurance proceeds, condemnation awards or other amounts payable in respect of such Items of Equipment), or (ii) Debtor shall replace such Items of Equipment with Replacement Units which are subject to Replacement Leases. (It is understood that upon the taking of the actions set forth in (i) or (ii) with respect to a Casualty Total, for the purpose of determining the next succeeding Casualty Total Date clauses (x) and (y) of the definition of Casualty Total shall be re-set to zero.) Upon the taking of the actions set forth in (i) or (ii) with respect to a Casualty Total, at the request of the Debtor, the Agent shall take such actions as may reasonably be requested by the Debtor in order to release such Items of Equipment which constituted the Casualty Total from the Lien granted under this Security Agreement, including the delivery to the Debtor of releases in recordable form with the ICC and the Registrar General (Canada) and UCC-3 Release Statements, all at the expense of the Debtor. The Agent shall be entitled to retain such Casualty Loss Proceeds in respect of Items of Equipment that have been the subject of a Casualty Loss, and to hold them as additional Collateral hereunder in accordance with clauses (A), (B) and (C) below.

(A) All such Casualty Loss Proceeds shall be deposited by the Agent into a special cash collateral account (the "Cash Collateral Account") maintained at IBJ Schroder Bank and Trust Company or such other bank designated by the Agent and reasonably acceptable to the Debtor provided such bank agrees to hold such proceeds on behalf of the Agent, under the sole control and dominion of the Agent, for so long as, but only so long as, the Security Agreement shall be in full force and effect.

(B) All amounts from time to time on deposit in the Cash Collateral Account shall, so long as no Event of Default shall have occurred or be continuing, be invested by the Agent at the direction of the Debtor in certificates of deposit with such maturities as Debtor shall request.

(C) Except as otherwise provided in paragraph (b) of this Section 5.02, amounts on deposit in the Cash

Collateral Account shall not be released to Debtor except that, so long as no Event of Default, or event or condition that with the giving of notice, the lapse of time or both may become an Event of Default, has occurred and is continuing, the Debtor shall be permitted to use such monies to acquire Replacement Units under this Security Agreement.

(b) In the event that Items of Equipment have been the subject of a Casualty Loss and the Debtor in consequence thereof has deposited Casualty Loss Proceeds in respect thereof pursuant to subsection (a) (i) of this Section 5.02, the Debtor may at any time substitute Replacement Units which are subject to Replacement Leases as provided in subsection (a) (ii) of this Section 5.02, and so long as no Event of Default, or event or condition that with the giving of notice, the lapse of time or both may become an Event of Default, has occurred and is continuing, the Debtor shall be entitled to release of the Casualty Loss Proceeds attributable to Items of Equipment being replaced and any earnings attributable thereto from the Cash Collateral Account, at such time as the Debtor has replaced the Item or Items of Equipment with respect to which the Casualty Loss Proceeds were paid with Replacement Units which are subject to Replacement Leases and the Debtor has otherwise complied with the provisions of this Section 5.02 and Section 3.05(a) hereof. In the event the Debtor elects to replace an Item of Equipment under an Equipment Lease with a Replacement Unit pursuant to this Section 5.02, such Replacement Unit and the Replacement Lease covering such Replacement Unit shall become subject to the perfected Lien of this Agreement and the security interest of the Agent.

(c) Upon the occurrence and during the continuance of any Event of Default, all Casualty Loss Proceeds and all other amounts standing to the credit of the Cash Collateral Account shall be paid to the Agent and applied by the Agent, as specified in Section 6.03.

Section 6. SECURED PARTY'S RIGHTS

6.01 Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in the Loan Agreement has occurred and is continuing, the Agent shall have the

rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the ICA and under the UCC (regardless of whether such UCC or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), as applicable, and the Agent shall have the following rights and remedies:

(a) The Agent shall have all the rights of a secured party under the ICA and under the UCC to enforce the security interests contained herein.

(b) The Agent personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold, and the Debtor shall deliver, or cause to be delivered, possession of the Equipment to the Agent or its agents where the same may be found or at such place or places as the Agent may reasonably require. Notwithstanding anything hereunder to the contrary, so long as no Event of Default has occurred and is continuing unremedied, the original Equipment Leases delivered to the Debtor shall remain at the chief executive offices of the Debtor; provided, however, that in the event an Event of Default has occurred and is continuing, the Debtor shall provide to the Agent the original Equipment Leases or, in case originals are not available because one or more lenders have an interest in leases reflected in the same document as such Equipment Leases, duplicate copies of the Equipment Leases and the Equipment Schedules to master Equipment Leases and, in all cases, all relevant information that the Agent may request regarding all other leases and all other lenders, and if requested by all lenders with a security interest in any Equipment Lease, deliver such Equipment Leases to a trustee designated by the Agent and all the other lenders.

(c) Any Collateral repossessed by the Agent under or pursuant to this Section 6.01 may be sold, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on

such terms as the Agent may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Agent or after any overhaul or repair which the Agent shall determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than 10 days' written notice to Debtor specifying the times at which such disposition is to be made and the intended sale price or other consideration therefor. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than 10 days' written notice to Debtor specifying the time and place of such sale and, in the absence of applicable requirements of law, shall be by public auction after publication of notice of such auction not less than 10 days prior thereto in two newspapers in general circulation in the City of New York. To the extent permitted by any such requirement of law, the Agent or any Lender may itself bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section without accountability to Debtor (except to the extent of surplus money received as provided in Section 6.03). In the payment of the purchase price therefor, the Agent shall be entitled to have credit on account of the purchase price thereof of amounts owing to the Agent on account of the indebtedness hereby secured and the Agent may deliver the claims for interest on or principal of the Secured Loan or other indebtedness hereby secured in lieu of cash up to the amount which would, upon distribution of the net proceeds of such sale, be payable thereon. If, under mandatory requirements of applicable law, the Agent shall be required to make disposition of the Collateral within a period of time which does not permit the giving of notice to Debtor as hereinabove specified, the Agent need give Debtor only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law.

(d) The Agent may proceed to protect and enforce this Security Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or

for the enforcement of any other legal or equitable remedy available under applicable law.

6.02 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold, or any part thereof under, by or through the Debtor, its successors or assigns.

6.03 Application of Sale Proceeds. The proceeds of any sale of the Collateral, or any part thereof, and the proceeds of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of all costs and expenses including those of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and reasonable attorneys' fees, incurred or made hereunder, under the Notes, or under the Loan Agreement or the other Loan Documents, by the Agent or the Lenders;

(b) Second, to the payment of the amounts then owing or unpaid in respect of the Notes and any other amounts owed to the Agent and the Lenders in accordance with the provisions of the Loan Documents; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

6.04 Discontinuance of Remedies. In case the Agent shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Debtor and the Agent shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

6.05 Cumulative Remedies. No delay or omission of the Agent to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair

any such right or power or prevent its exercise during the continuance of such default. No waiver by the Agent of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Agent may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Agent be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

6.06 Indemnity. The Debtor agrees to indemnify, protect and hold harmless the Agent and each Lender, and its respective assigns, directors, officers, employees, agents or representatives (each an "Indemnified Party") from and against all losses, damages, injuries, liabilities, claims, suits, obligations, penalties, actions, judgments, costs, interest and demands of any kind or nature whatsoever (all the foregoing losses, damages etc. are the "indemnified liabilities"), and expenses in connection therewith (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnified Party in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnified Party shall be designated a party thereto, and the expenses of investigation by engineers, environmental consultants and similar technical personnel) arising out of, in connection with, or as the result of any claim for personal injury or property damage arising from the operation, use, condition, possession, storage or repossession of any of the Collateral, or any claim relating to any laws, rules or regulations, including, without limitation, environmental control, noise and pollution laws, rules or regulations entering into or the performance of this Security Agreement, the Loan Agreement, the Notes, and the other Loan Documents, the enforcement of any rights thereunder, the retention by the Agent of a security interest in the Collateral, or arising during the period of any delivery, rejection, storage or repossession of any of the Equipment while a security interest therein remains in the Agent or during the period of the transfer of

such security interest in the Collateral by the Agent pursuant to any of the provisions of this Security Agreement; provided, however, that the Debtor shall have no obligation to so indemnify any Indemnified Party for any indemnified liabilities arising solely from its willful misconduct or gross negligence. The foregoing indemnity shall survive the termination of this Security Agreement and the Loan Agreement and payment in full of the Obligations.

6.07 Costs and Expenses. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by the Agent or any of the Lenders, in connection with the preparation of this Security Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of financing statements and other documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, insurance premiums, encumbrances or otherwise protecting, maintaining or preserving the Collateral, or the enforcing, foreclosing, retaking, holding, storing, processing, selling or otherwise realizing upon the Collateral and the Agents' security interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or related to the transaction to which this Security Agreement relates, shall be borne and paid by the Debtor on demand by the Agent and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the Default Rate prescribed in the Loan Agreement.

Section 7. AGENT.

7.01 Appointment Agent. The collateral agent for the Lenders under this Security Agreement is, initially, Tokyo Leasing, and by its execution hereof Tokyo Leasing accepts such appointment and agrees to act as such under this Security Agreement.

7.02 Authorization and Action. Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf, and to exercise such powers under this Security Agreement as are delegated to the Agent by the terms hereof and the Intercreditor Agreement by and between the Lenders of even date herewith, including the establishment of the Cash Collateral Account hereunder, together with such powers as are reasonably incidental thereto.

7.03 Successor Agent. The Agent may resign at any time by giving not less than ten (10) days prior written notice thereof to the Lenders and the Debtor. Upon any such resignation, the other Lender shall have the right to appoint a successor Agent. The Agent must be the holder of a Note under which principal remains outstanding unless no such holder is willing to accept the appointment. If no successor Agent is so appointed and accepts such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, after consulting with the Debtor, on behalf of the Lenders, appoint a successor Agent. Any successor agent appointed hereunder shall be reasonably acceptable to the Debtor. Upon the acceptance of any appointment as Agent hereunder by a successor Agent (which shall be evidenced by a written instrument of acceptance, an original copy of which shall be delivered to Debtor), such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Security Agreement and the Loan Documents.

Section 8. MISCELLANEOUS

8.01 Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Agent or the Lenders, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

8.02 Entire Agreement. This Security Agreement, together with the Loan Agreement, the Schedules and other agreements referred to herein, constitute the entire understanding between the parties with respect to the subject matter hereof. All prior agreements, understandings, representations, warranties and negotiations, if any, are merged into this Security Agreement, and this Security Agreement is the entire agreement between the Debtor and the Agent and the Lenders relating to the subject matter hereto. This Security Agreement cannot be changed or terminated orally.

8.03 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security

Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

8.04 Notices. All notices and communications provided for herein shall be given to such parties, at such addresses and in such manner as is provided in the Loan Agreement.

8.05 Termination. This Security Agreement and the security interest granted hereby shall terminate when the Obligations have been fully paid or discharged, at which time the Agent shall, at the Debtor's expense, execute and deliver to the Debtor at its expense all Uniform Commercial Code termination statements and such similar documents or proper instrument or instruments which the Debtor shall reasonably request to evidence such termination and the release of Collateral including releases in recordable form under the ICA and the Railway Act (Canada). Upon the release of this Security Agreement, all amounts in the Cash Collateral Account shall be under the sole dominion and control of the Debtor.

8.06 GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE UNDER, CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (OTHER THAN THE LAWS OF THE STATE OF NEW YORK GOVERNING THE CHOICE OF LAW); PROVIDED, HOWEVER, THAT THE PARTIES SHALL BE ENTITLED TO ALL RIGHTS CONFERRED BY 49 U.S.C. SECTION 11303 AND SUCH ADDITIONAL RIGHTS, ARISING OUT OF THE FILING, RECORDING OR DEPOSIT HEREOF, IF ANY.

8.07 Submission to Jurisdiction. Each of the Debtor and the Agent hereby irrevocably submits to the nonexclusive jurisdiction of the Supreme Court of the State of New York, New York County, of the United States of America, and to the jurisdiction of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Security Agreement or the subject matter hereof brought by any party or its successors or assigns, and each party hereto hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by law, in such Federal court, and each party hereto hereby agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that the suit,

action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Security Agreement or the subject matter hereof may not be enforced in or by such courts. The Debtor hereby generally appoints as its attorney-in-fact, to receive service of process in such action, suit or proceeding ACF Industries, Incorporated c/o Icahn & Co., 1 Wall Street Court, New York, New York 10005. The Debtor agrees that (without prejudice to any other lawful method of service) service of process upon such attorney-in-fact shall constitute valid service upon the Debtor or its successors or assigns. The Debtor also agrees to give the Agent and the Lenders thirty (30) days advance written notice regarding any change related to the Agent for Service of Process, and so long as any amount remains outstanding and unpaid hereunder, under any Note or the Security Agreement to maintain an agent in New York County for the receipt of process as aforesaid.

8.08 Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together constituting only one Security Agreement.

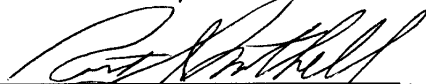
8.09 Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

8.10 Waiver of Jury Trial. BY ITS SIGNATURE BELOW WRITTEN EACH PARTY HERETO IRREVOCABLY WAIVES ALL RIGHT TO A

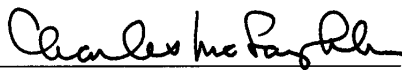
TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM
ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR THE
TRANSACTIONS CONTEMPLATED HEREBY.

IN WITNESS WHEREOF, the parties hereto have
executed this Security Agreement as of the day and year first
above written.

ACF INDUSTRIES, INCORPORATED

By: 
Name: Robert J. Mitchell
Title: Secretary & Treasurer

TOKYO LEASING (U.S.A.) INC.,
as Agent and as Lender

By: 
Name: Charles McLaughlin
Title: Vice President

IBJ SCHRODER LEASING CORPORATION

By: _____
Name: _____
Title: _____

TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM
ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR THE
TRANSACTIONS CONTEMPLATED HEREBY.

IN WITNESS WHEREOF, the parties hereto have
executed this Security Agreement as of the day and year first
above written.

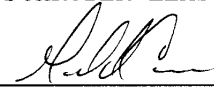
ACF INDUSTRIES, INCORPORATED

By: _____
Name:
Title:

TOKYO LEASING (U.S.A.) INC.,
as Agent and as Lender

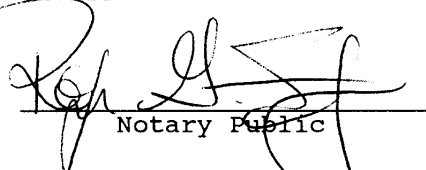
By: _____
Name:
Title:

IBJ SCHRODER LEASING CORPORATION

By:  _____
Name:
Title: **GERARD D. CANINE**
VICE PRESIDENT - OPERATIONS

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

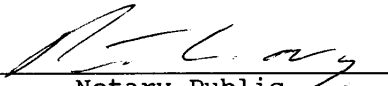
On this 25th day of July, 1994, before me,
personally appeared Robert J. Mitchell to me
personally known, who being by me duly sworn, says that he
resides at Woodbury, N.Y.
and he is the Secretary & Treasurer of ACF Industries,
Incorporated, that said instrument was signed on July 25,
1994 on behalf of said corporation by authority of its Board
of Directors, and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
corporation.


Notary Public

ROBYN G. STEINBERG
Notary Public, State of New York
No. 01ST5026264
Qualified in New York County
Commission Expires April 18, 1996

STATE OF *New York*)
 : ss.:
COUNTY OF *WESTCHESTER*)

On this 21st day of July, 1994, before me,
personally appeared Charles McLaughlin to me
personally known, who being by me duly sworn, says that he
resides at 129 Grannis Avenue, Morris Plains, New Jersey
and he is the Vice President of Tokyo Leasing
(U.S.A.) Inc., a New York corporation, that said instrument
was signed on July 21, 1994 on behalf of said corporation by
authority of its Board of Directors, and he acknowledged that
the execution of the foregoing instrument was the free act
and deed of said corporation.



Notary Public

PETER L. NURZIA
Notary Public, State of New York
No. 4996000
Qualified in Westchester County
Commission Expires May 4, 1996

STATE OF)
 : ss.:
COUNTY OF)

On this 22nd day of July, 1994, before me,
personally appeared Gerard D. Canine to me
personally known, who being by me duly sworn, says that he
resides at 49 Garden Street, Bergenfield, New Jersey 07621
and he is the Vice President - Operations of IBJ Schroder
Leasing Corporation, a New York corporation, that said
instrument was signed on July 22, 1994 on behalf of said
corporation by authority of its Board of Directors, and he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said corporation.

EMMA MCCORKLE
Notary Public, State of New York
No. 41-4984312
Qualified in Queens County
Commission Expires July 22, 1995

Emma McCorkle
Notary Public

07/21/94

Schedule A to Security Agreement -
Chattel Mortgage

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	ACFX	68068	ACFX	68069	ACFX	68070	ACFX	68071	ACFX	68072
	ACFX	68073	ACFX	68074	ACFX	68075	ACFX	68076	ACFX	68077
	ACFX	68875	ACFX	68876	ACFX	68877	ACFX	68878	ACFX	68879
	ACFX	68880	ACFX	68881	ACFX	68882	ACFX	68883	ACFX	68884
	ACFX	68885	ACFX	68886	ACFX	68887	ACFX	68888	ACFX	68889
	ACFX	68890	ACFX	68891	ACFX	68892	ACFX	68893	ACFX	68894
	ACFX	68895	ACFX	68896	ACFX	68897	ACFX	68898	ACFX	68899
	ACFX	68900	ACFX	68901	ACFX	68902	ACFX	68903	ACFX	68904
	ACFX	68905	ACFX	68906	ACFX	68907	ACFX	68908	ACFX	68909
	ACFX	68910	ACFX	68911	ACFX	68912	ACFX	68913	ACFX	68914
	ACFX	68915	ACFX	68916	ACFX	68917	ACFX	68918	ACFX	68919
	ACFX	68920	ACFX	68921	ACFX	68922	ACFX	68923	ACFX	68924
	ACFX	68979	ACFX	68980	ACFX	68981	ACFX	68982	ACFX	68983
	ACFX	68984	ACFX	68985	ACFX	68986	ACFX	68987	ACFX	68988
	ACFX	68989	ACFX	68990	ACFX	68991	ACFX	68992	ACFX	68993
	ACFX	68994	ACFX	68995	ACFX	68996	ACFX	68997	ACFX	68998
	ACFX	68999	ACFX	69000	ACFX	69001	ACFX	69002	ACFX	69003
	ACFX	69004	ACFX	69005	ACFX	69006	ACFX	69007	ACFX	69008
	ACFX	69009	ACFX	69010	ACFX	69011	ACFX	69012	ACFX	69013
	ACFX	69014	ACFX	69015	ACFX	69016	ACFX	69017	ACFX	69018
	ACFX	69019	ACFX	69020	ACFX	69021	ACFX	69022	ACFX	69023
	ACFX	69024	ACFX	69025	ACFX	69026	ACFX	69027	ACFX	69028
	ACFX	69029	ACFX	69030	ACFX	69031	ACFX	69032	ACFX	69033
	ACFX	69034	ACFX	69035	ACFX	69036	ACFX	69037	ACFX	69038
	ACFX	69039	ACFX	69040	ACFX	69041	ACFX	69042	ACFX	69043
	ACFX	69044	ACFX	69045	ACFX	69046	ACFX	69047	ACFX	69048

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AAR
CAR
TYPE

ACFX	69049	ACFX	69050	ACFX	69051	ACFX	69052	ACFX	69053
ACFX	69054	ACFX	69055	ACFX	69056	ACFX	69057	ACFX	69058
ACFX	69059	ACFX	69060	ACFX	69061	ACFX	69062	ACFX	69063
ACFX	69064	ACFX	69065	ACFX	69066	ACFX	69067	ACFX	69068
ACFX	69069	ACFX	69070	ACFX	69071	ACFX	69072	ACFX	69073
ACFX	69074	ACFX	69075	ACFX	69076	ACFX	69077	ACFX	69078

* C214 TTL 000280 CARS

* C614	ACFX	45739	ACFX	45740	ACFX	45741	ACFX	45742	ACFX	45749
	ACFX	45750	ACFX	45751	ACFX	45752	ACFX	45753	ACFX	45754
	ACFX	45755	ACFX	45761	ACFX	45762	ACFX	45763	ACFX	45764
	ACFX	45765	ACFX	45766	ACFX	45767	ACFX	45768	ACFX	45769
	ACFX	45770	ACFX	45771	ACFX	45772	ACFX	45773	ACFX	45774
	ACFX	45775	ACFX	45776	ACFX	45777	ACFX	45778	ACFX	45779
	ACFX	45780	ACFX	45781	ACFX	45782	ACFX	45783	ACFX	45784
	ACFX	45785								

* C614 TTL 000036 CARS

** T107	ACFX	94891	ACFX	94892	ACFX	94893	ACFX	94894	ACFX	94895
	ACFX	94896	ACFX	94897	ACFX	94898	ACFX	94899	ACFX	94900
	ACFX	94901	ACFX	94902	ACFX	94903	ACFX	94904	ACFX	94905
	ACFX	94906	ACFX	94907	ACFX	94908	ACFX	94909	ACFX	94910
	ACFX	94911	ACFX	94912	ACFX	94913	ACFX	94914	ACFX	94915
	ACFX	94916	ACFX	94917	ACFX	94918				

** T107 TTL 000028 CARS

*** TTL 000344 CARS

* The C214 and C614 AAR codes represent covered hopper railcars.

** The T107 AAR code represents tank railcars.

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LESSEE	CONTRACT/ RIDER	CAR IDENT
FINA DIL AND CHEMICAL COM	58570029	ACFX 68875
		ACFX 68876
		ACFX 68877
		ACFX 68878
		ACFX 68879
		ACFX 68880
		ACFX 68881
		ACFX 68882
		ACFX 68883
		ACFX 68884
		ACFX 68885
		ACFX 68886
		ACFX 68887
		ACFX 68888
		ACFX 68889
		ACFX 68890
		ACFX 68891
		ACFX 68892
		ACFX 68893
		ACFX 68894
		ACFX 68895
		ACFX 68896
		ACFX 68897
		ACFX 68898
		ACFX 68899
		ACFX 68900
		ACFX 68901
		ACFX 68902
		ACFX 68903
		ACFX 68904
		ACFX 68905
		ACFX 68906
		ACFX 68907
		ACFX 68908
		ACFX 68909
		ACFX 68910
		ACFX 68911
		ACFX 68912
		ACFX 68913
		ACFX 68914
		ACFX 68915
		ACFX 68916
		ACFX 68917
		ACFX 68918
		ACFX 68919
		ACFX 68920
		ACFX 68921
		ACFX 68922
		ACFX 68923

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LESSEE	CONTRACT/ RIDER	CAR IDENT
FINA OIL AND CHEMICAL COM	58570029	ACFX 68924
FINA OIL AND CHEMICAL COM	58570029	
FINA OIL AND CHEMICAL COM	58570033	ACFX 68979
		ACFX 68980
		ACFX 68981
		ACFX 68982
		ACFX 68983
		ACFX 68984
		ACFX 68985
		ACFX 68986
		ACFX 68987
		ACFX 68988
		ACFX 68989
		ACFX 68990
		ACFX 68991
		ACFX 68992
		ACFX 68993
		ACFX 68994
		ACFX 68995
		ACFX 68996
		ACFX 68997
		ACFX 68998
		ACFX 68999
		ACFX 69000
		ACFX 69001
		ACFX 69002
		ACFX 69003
		ACFX 69004
		ACFX 69005
		ACFX 69006
		ACFX 69007
		ACFX 69008
		ACFX 69009
		ACFX 69010
		ACFX 69011
		ACFX 69012
		ACFX 69013
		ACFX 69014
		ACFX 69015
		ACFX 69016
		ACFX 69017
		ACFX 69018
		ACFX 69019
		ACFX 69020
		ACFX 69021
		ACFX 69022
		ACFX 69023
		ACFX 69024

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LESSEE	CONTRACT/ RIDER	CAR IDENT
FINA OIL AND CHEMICAL COM	58570033	ACFX 69025
		ACFX 69026
		ACFX 69027
		ACFX 69028
		ACFX 69029
		ACFX 69030
		ACFX 69031
		ACFX 69032
		ACFX 69033
		ACFX 59034
		ACFX 69035
		ACFX 69036
		ACFX 69037
		ACFX 69038
		ACFX 69039
		ACFX 69040
		ACFX 69041
		ACFX 69042
		ACFX 69043
		ACFX 69044
		ACFX 69045
		ACFX 69046
		ACFX 69047
		ACFX 69048
		ACFX 69049
		ACFX 69050
		ACFX 69051
		ACFX 69052
		ACFX 69053
		ACFX 69054
		ACFX 69055
		ACFX 69056
		ACFX 69057
		ACFX 69058
		ACFX 69059
		ACFX 69060
		ACFX 69061
		ACFX 69062
		ACFX 69063
		ACFX 69064
		ACFX 69065
		ACFX 69066
		ACFX 69067
		ACFX 69068
		ACFX 69069
		ACFX 69070
		ACFX 69071
		ACFX 69072
		ACFX 69073

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LESSEE	CONTRACT/ RIDER	CAR IDENT
FINA OIL AND CHEMICAL COM	58570033	ACFX 69074
		ACFX 69075
		ACFX 69076
		ACFX 69077
		ACFX 69078
FINA OIL AND CHEMICAL COM	58570033	
FINA OIL AND CHEMICAL COM		
MONSANTO COMPANY	5846	ACFX 94891
		ACFX 94892
		ACFX 94893
		ACFX 94894
		ACFX 94895
		ACFX 94896
		ACFX 94897
		ACFX 94898
		ACFX 94899
		ACFX 94900
		ACFX 94901
		ACFX 94902
		ACFX 94903
		ACFX 94904
		ACFX 94905
		ACFX 94906
		ACFX 94907
		ACFX 94908
		ACFX 94909
		ACFX 94910
		ACFX 94911
		ACFX 94912
		ACFX 94913
		ACFX 94914
		ACFX 94915
		ACFX 94916
		ACFX 94917
		ACFX 94918
MONSANTO COMPANY	5846	
MONSANTO COMPANY		
PENFORD PRODUCTS CO.	5700	ACFX 45739
		ACFX 45740
		ACFX 45741
		ACFX 45742
PENFORD PRODUCTS CO.	5700	
PENFORD PRODUCTS CO.	5780	ACFX 45749
		ACFX 45750

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LESSEE	CONTRACT/ RIDER	CAR IDENT
PENFORD PRODUCTS CO.	5780	ACFX 45751
		ACFX 45752
		ACFX 45753
		ACFX 45754
		ACFX 45755
PENFORD PRODUCTS CO.	5780	
PENFORD PRODUCTS CO.	5822	ACFX 45761
		ACFX 45762
		ACFX 45763
		ACFX 45764
		ACFX 45765
		ACFX 45766
		ACFX 45767
		ACFX 45768
		ACFX 45769
		ACFX 45770
		ACFX 45771
		ACFX 45772
		ACFX 45773
		ACFX 45774
		ACFX 45775
		ACFX 45776
		ACFX 45777
		ACFX 45778
		ACFX 45779
		ACFX 45780
		ACFX 45781
		ACFX 45782
		ACFX 45783
		ACFX 45784
		ACFX 45785
PENFORD PRODUCTS CO.	5822	
PENFORD PRODUCTS CO.		
QUANTUM CHEMICAL CORPORAT	5138	ACFX 67907
		ACFX 67916
		ACFX 67918
		ACFX 67919
		ACFX 67943
		ACFX 67944
		ACFX 67945
		ACFX 67946
		ACFX 67955
		ACFX 67956
		ACFX 67957
		ACFX 67958
		ACFX 67959

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LESSEE	CONTRACT/ RIDER	CAR IDENT
QUANTUM CHEMICAL CORPORAT	5138	ACFX 67960
		ACFX 67961
		ACFX 67962
		ACFX 67963
		ACFX 67964
		ACFX 67965
		ACFX 67966
		ACFX 67967
		ACFX 67968
		ACFX 67969
		ACFX 67970
		ACFX 67971
		ACFX 67972
		ACFX 67973
		ACFX 67974
		ACFX 67975
		ACFX 67976
		ACFX 67977
		ACFX 67978
		ACFX 67979
		ACFX 67980
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		ACFX 67984
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		ACFX 67989
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		ACFX 67996
		ACFX 67997
		ACFX 67998
		ACFX 67999
		ACFX 68000
		ACFX 68001
		ACFX 68002
		ACFX 68003
		ACFX 68004
		ACFX 68005
		ACFX 68006
		ACFX 68007
		ACFX 68008

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LESSEE	CONTRACT/ RIDER	CAR IDENT
QUANTUM CHEMICAL CORPORAT	5138	ACFX 68009
		ACFX 68010
		ACFX 68011
		ACFX 68012
		ACFX 68013
		ACFX 68014
		ACFX 68015
		ACFX 68016
		ACFX 68017
		ACFX 68018
		ACFX 68019
		ACFX 68020
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		ACFX 68024
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		ACFX 68026
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		ACFX 68041
		ACFX 68042
		ACFX 68043
		ACFX 68044
		ACFX 68045
		ACFX 68046
		ACFX 68047
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		ACFX 68050
		ACFX 68051
		ACFX 68052
		ACFX 68053
		ACFX 68054
		ACFX 68055
		ACFX 68056
		ACFX 68057
		ACFX 68058

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LESSEE	CONTRACT/ RIDER	CAR IDENT
QUANTUM CHEMICAL CORPORAT	5138	ACFX 68059
		ACFX 68060
		ACFX 68061
		ACFX 68062
		ACFX 68063
		ACFX 68064
		ACFX 68065
		ACFX 68066
		ACFX 68067
		ACFX 68068
		ACFX 68069
		ACFX 68070
		ACFX 68071
		ACFX 68072
		ACFX 68073
		ACFX 68074
		ACFX 68075
		ACFX 68076
		ACFX 68077
QUANTUM CHEMICAL CORPORAT	5138	
QUANTUM CHEMICAL CORPORAT		